

WESTCARB Phase I Results Summary

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Winrock International

Regional Partnership Review Meeting October 12, 2005



Outline

- Phase I overview
- Geologic characterization studies
- Defining best geologic options
- Terrestrial baselines and opportunities

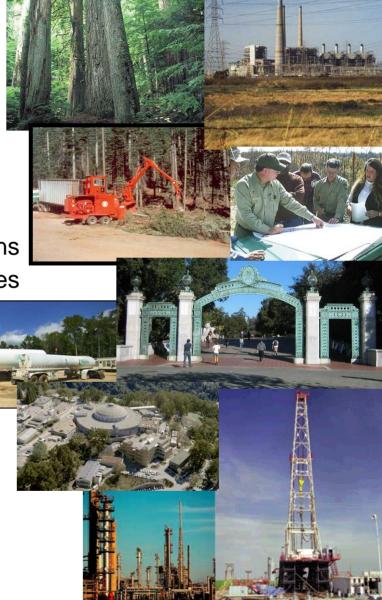






Who Is WESTCARB?

- Researchers from 70 organizations comprising:
 - Resource management and environmental protection agencies
 - National laboratories and research institutions
 - Conservation nonprofits and climate registries
 - Oil and gas companies
 - Power companies
 - Pipeline companies
 - Colleges and universities
 - Trade associations and policy coordinating bodies
 - Vendors and service firms
 - Consultants
- Led by California Energy Commission







Phase I Accomplishments

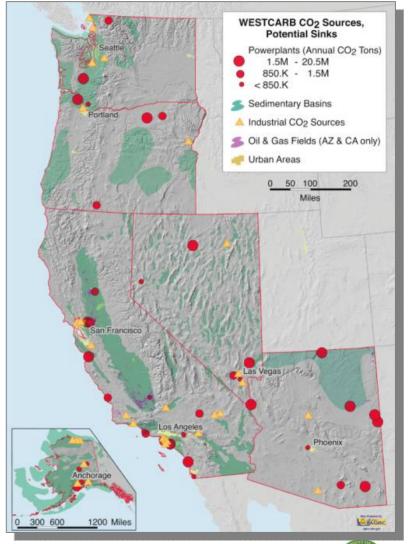
- Centralized GIS source and sink database
- Major point sources and geologic sinks identified and characterized
- Geologic and terrestrial storage estimates made for major sinks
- GIS-based method for source-sink matching implemented; marginal cost curves developed
- Terrestrial baselines and supply curves developed
- Current regulatory structure outlined
- Heightened awareness of sequestration among state, community, and industry leaders
- New approach for screening and ranking sequestration sites





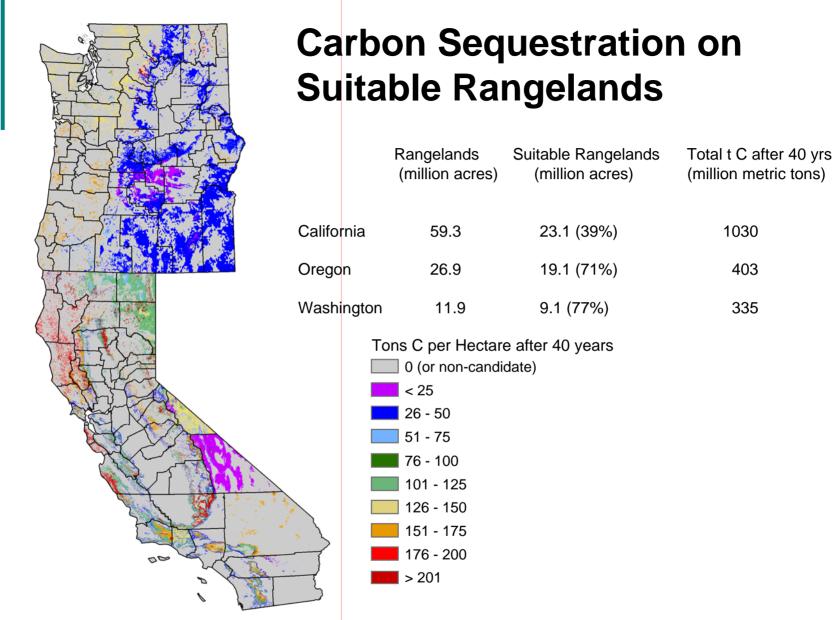
Point Sources in Proximity of Broadly Distributed Sedimentary Basins

- Characterized sources account for about 80% of total industrial and utility sector emissions
- Sedimentary basins defined; geologic and oil and gas field data assembled
- Data reside at Utah AGRC, publicly accessible, part of national database









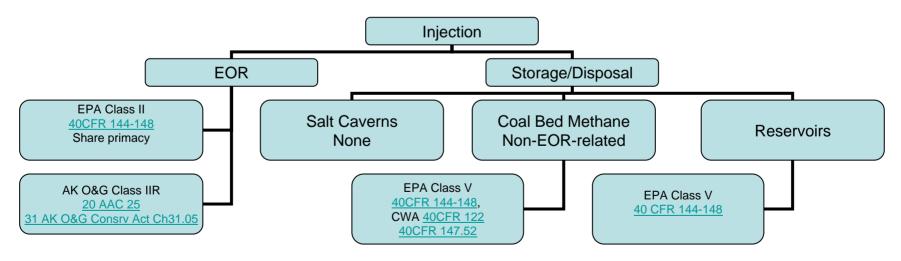






Current Regulatory Framework Has Been Reviewed

- Regulatory framework varies from state to state
- Comparative assessment of regulations for enhanced oil recovery, natural gas storage, and underground waste injection
- Comparative assessment of regulations covering land use changes required for forest sequestration



Alaska storage regulations







Public Awareness Increased Through Outreach

- Website
- News media interactions
- Meetings with state and local leaders
 - Ventura County
 - Portland forum
 - Lakeview, Oregon
 - Redding, California
- Norwegian CO₂ Study Tour
- Input to WGA CDEAC Clean Coal Task Force
- Input to CA Integrated Energy Policy Report







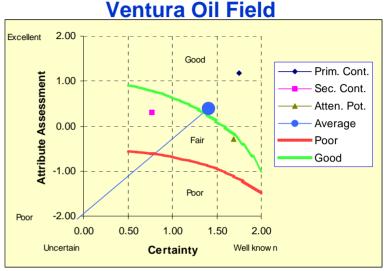




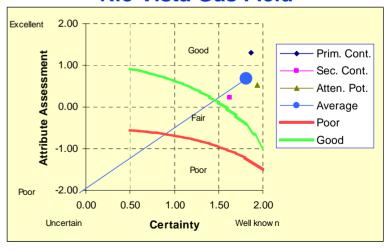


Tool Developed for Selecting Geologic Storage Sites

- Spreadsheet model for ranking/screening of sites, focused on assuring containment
- Three main controlling characteristics:
 - Primary containment potential
 - Secondary containment potential
 - Attenuation potential
- User can:
 - Evaluate and score various attributes
 - Specify the importance of various attributes through weighting factors
 - Specify uncertainty inherent at sites



Rio Vista Gas Field



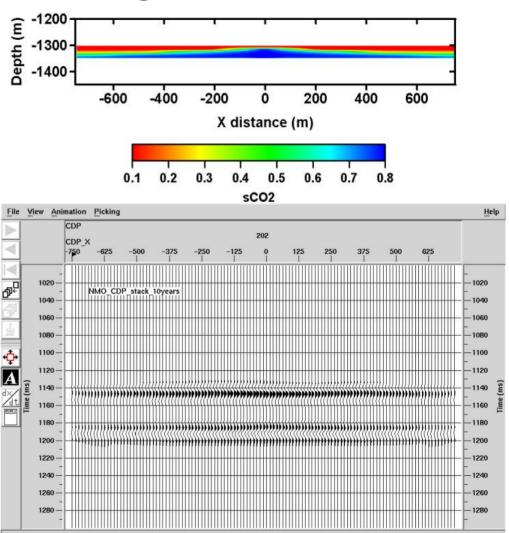






Development of Monitoring Protocols

- Assess applicable monitoring methods at sites of potential interest
 - Schrader Bluff
 - Rio Vista
- Work with partners to assemble data
- Use modeling to assess methods







Outline

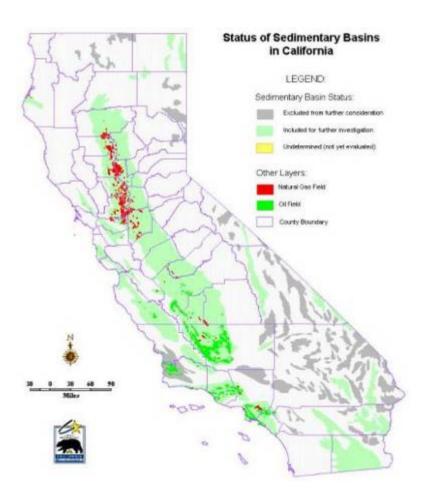
- Phase I overview
- Geologic characterization studies
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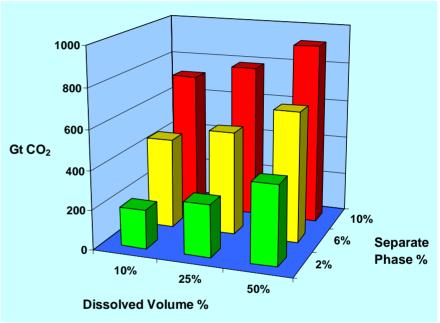




California Sedimentary Basins Are Prime West Coast Sequestration Targets



Saline Formation Total Capacity







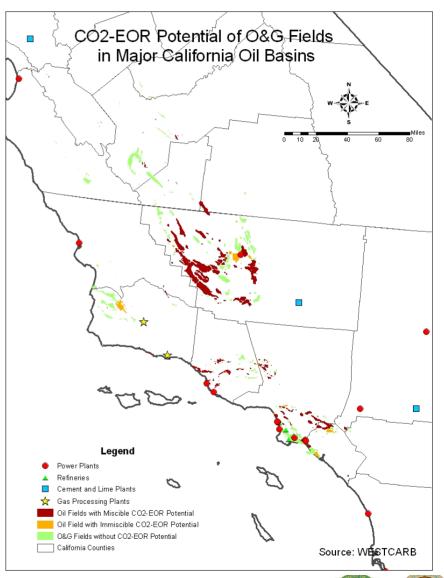


Opportunities for EOR and EGR Have

Been Identified

 121 fields met depth and miscible EOR criteria

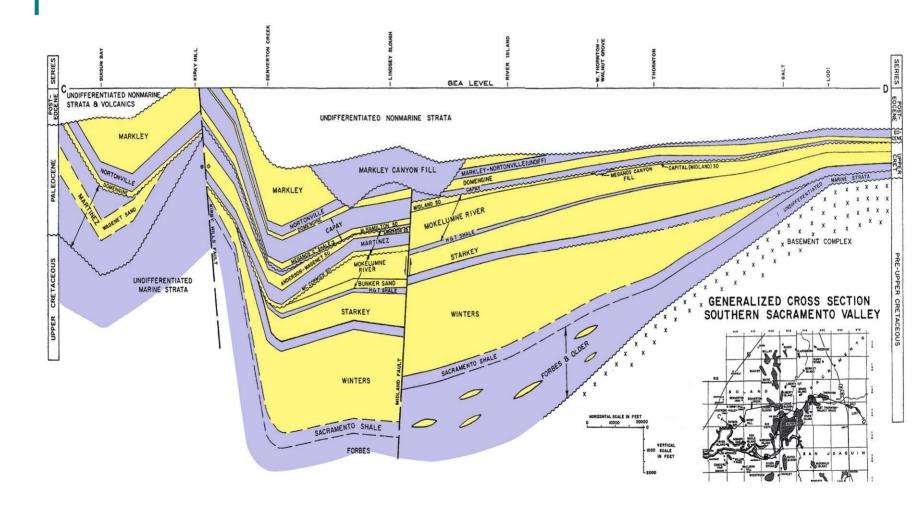
- 3.4 Gt CO₂ storage capacity (preliminary estimate using production as a basis)
- Other studies suggest 5.4 billion barrels oil technically recoverable
- 128 gas fields met depth criteria
 - 1.8 Gt CO₂ storage capacity (preliminary estimate)







Generalized Cross-Section of Southern Sacramento Basin



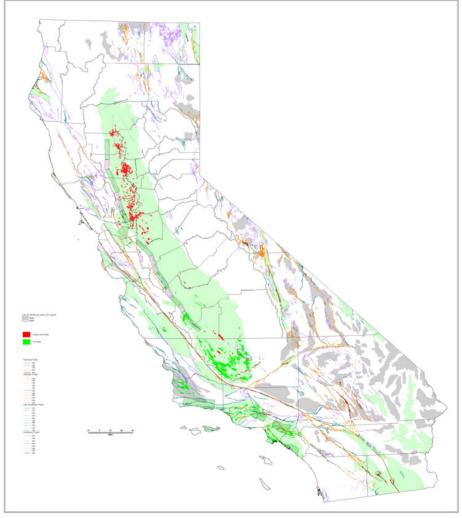






Low Occurrence of Quarternary Faulting in Many Basins

- Hydrocarbons have remained trapped in faulted basins
- In Central Valley, faulting is absent except at southern end; deep thrust faulting along western margin







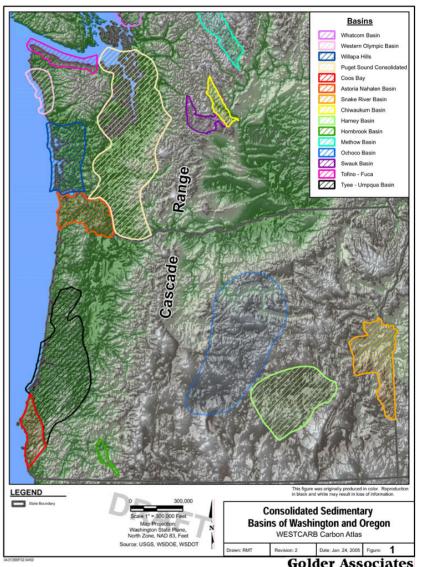


Consolidated Sedimentary Basins in Oregon

and Washington

Puget Trough and Whatcom basins are important targets

- Sediment depths from 10,000 ft to 20,000 ft
- Gas, coal present
- Good porosity and permeability
- In OR, Western Tertiary Basins cover 20,000 sq miles with sediments up to 20,000 ft thick
- Basalts in eastern WA and OR underlain by sediments



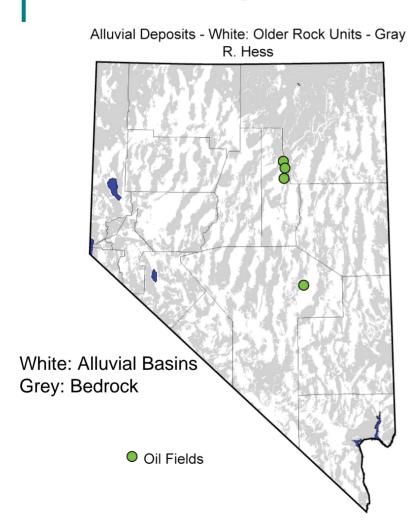


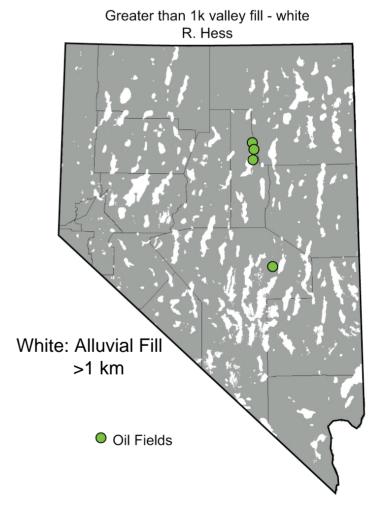






Alluvial Deposits in Basin and Range Offer **Suitable Depth**

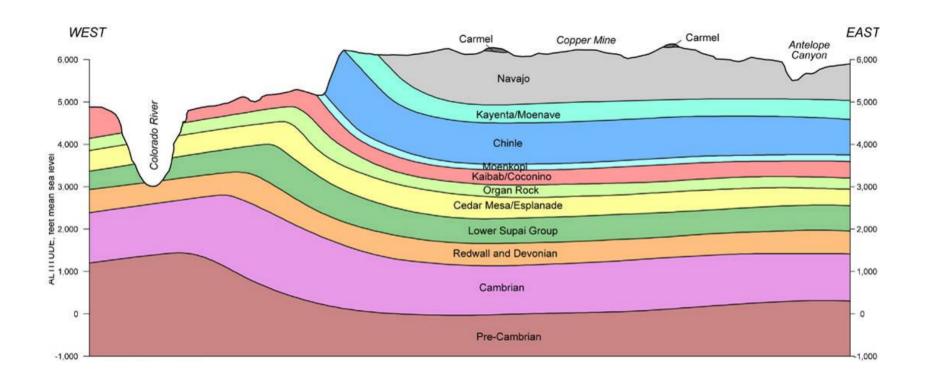








Colorado Plateau Is a Major Arizona Sink

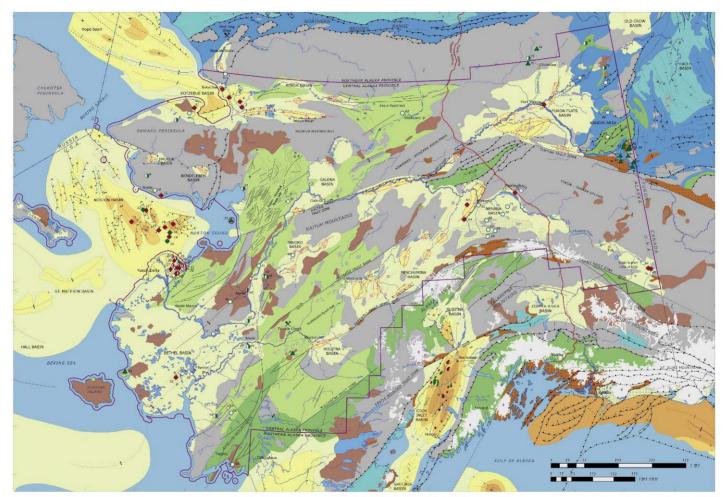








At Least Six Alaskan Basins Contain Sediments >1 km Thick



A. Sedimentary basins and selected geologic features of regional importance.

Geology compiled and modified by S.M. Trouman and R.C. Stanley from Kinschner (1998), Indications of periodean compiled by R.C. Stanley and S.M. Trouman from Miller and others (1909) from other economic







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- Defining the best geologic options
- Terrestrial baselines and opportunities







Defining the Best Geologic Options

- CO₂ Source Analysis
- CO₂ Storage Capacity Estimation
- Transportation Cost Estimation
- Source-Sink Matching







CO₂ Sources

	Power Facilities		Refineries		Cement Lime		Gas Processing	
State	Facilities	CO2	Facilities	CO2	Facilities	CO2	Facilities	CO2
		Emissions		Emissions		Emissions		Emissions
	#	(kt/yr)	#	(kt/yr)	#	(kt/yr)	#	(kt/yr)
AK	6	2,289	3	2,642	0	0	3	0
AZ	9	48,070	0	0	2	1,424	0	0
CA	18	25,070	7	11,312	6	6,016	2	0
NV	5	21,960	0	0	3	0	0	0
OR	4	7,992	0	0	2	597	0	0
WA	3	12,059	3	4,046	3	774	0	0
Total	45	117,439	13	18,000	16	8,811	5	0

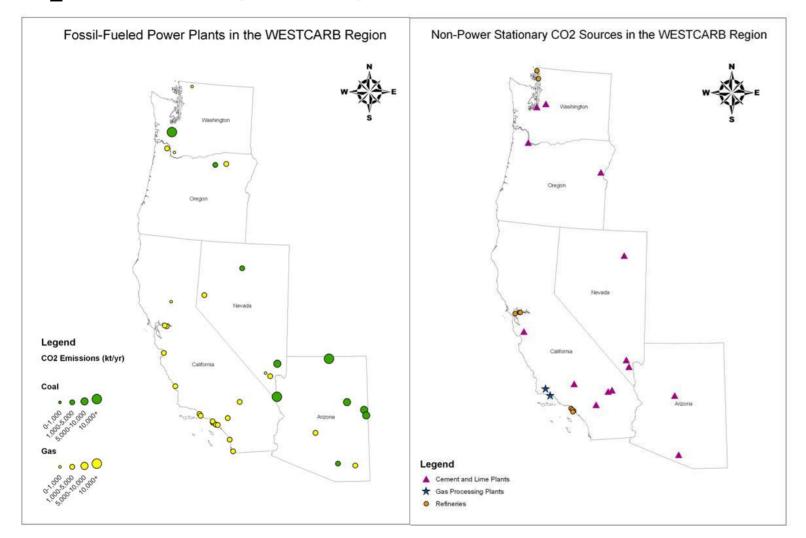
- Mainly power generation sources
- No data for gas processing







CO₂ Sources (cont'd)









CO₂ Capture Cost Estimation

- Methodology
 - "Generic CO₂ Capture Retrofit" spreadsheet prepared by SFA Pacific, Inc.
 - Flue gas flow rate (in metric tonnes per hour)
 - Flue gas composition (volume share or weight share of CO₂ in flue gas)
 - Annual load factor
- Assumption
 - Power plants, once installed with capture facility, will operate at 80% of their designed capacities

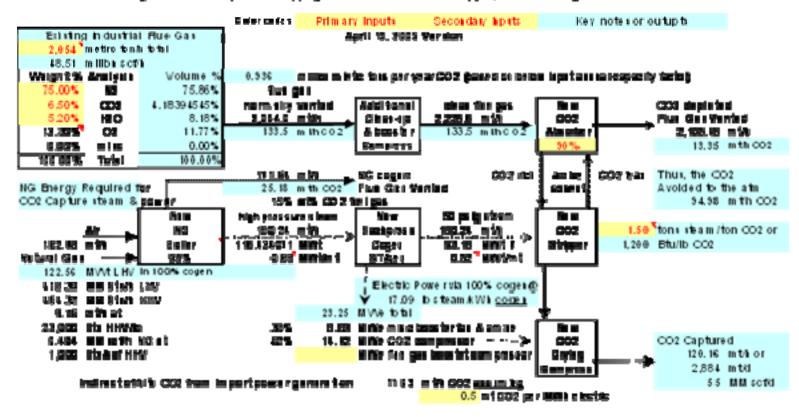




CO₂ Capture Cost Estimation (cont'd)

Generic Industrial CO2 Capture for Any Large CO2 Flue Gas Stream

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Note: Values shown are hypothetical







CO₂ Capture Cost Estimation (cont'd)

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Note: Values shown are hypothetical

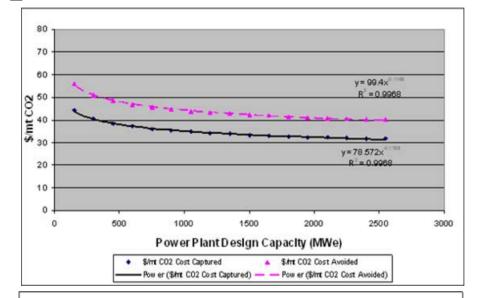




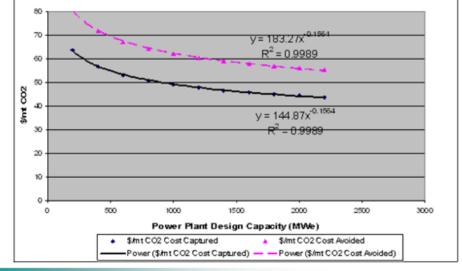


CO₂ Capture Cost Estimation (cont'd)

Coal



Natural Gas



- Nat Gas @ \$5/MBtu
- No Carbon Tax





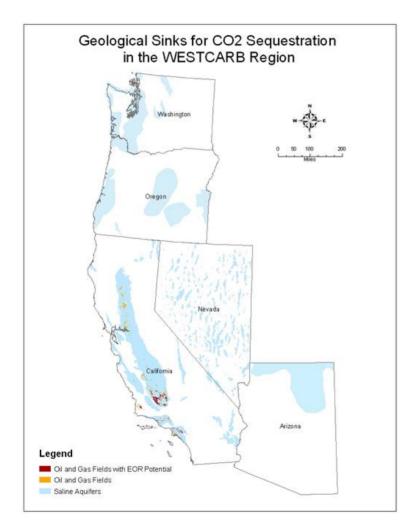
CO₂ Storage Capacity Estimation

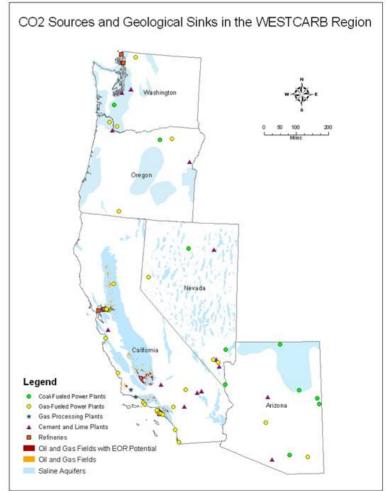
- Oil & Gas
- Saline Reservoirs





Geological Sinks











Storage Capacity

- For any hydrocarbon field, the CO₂ storage capacity is the underground volume of oil and gas that have been produced
 - Conservative but consistent method
- The storage capacity of saline reservoirs depends on the available pore volume and the CO₂ storage efficiency in fully water-saturated reservoirs



Transportation Cost Estimation

- Pipeline Design Capacity
- Pipeline Diameter
- Obstacle Layers for CO₂ Transportation
- Pipeline Cost





Pipeline Design Capacity

- For refineries and cement and lime plants, pipeline design capacity equals the 2002 CO₂ emission multiplied by a default capture efficiency (90%)
- For power plants, the designed pipeline capacity is calculated as following:

$$VC_{CO2} = \frac{VE_{CO2}^{2002}}{OE^{2002}} * CE_0$$

where

 VC_{CO2} = Annual captured CO_2 flow (ton)

 VE_{CO2}^{2002} = 2002 annual CO₂ emission (ton)

 OE^{2002} = 2002 plant operating factor

 CE_0 = Default CO_2 capture efficiency (90%)





Pipeline Diameter Calculation

 Assumes that standard pipelines in the gas industry will be used in CO₂ transportation. The pipeline diameter increases in 4 inch increments (after 4, 6, and 8 inches).

	CO ₂ Flow Rate (Mt/yr)				
Pipeline Diameter (inch)	lower bound	upper bound			
4		0.19			
6	0.19	0.54			
8	0.54	1.13			
12	1.13	3.25			
16	3.25	6.86			
20	6.86	12.26			
24	12.26	19.69			
30	19.69	35.16			
36	35.16	56.46			





Crossing Cost Factor

Estimated Relative Crossing Cost Factor

Construction Condition	Cost Factor			
Base Case	1			
Slope				
10-20%	0.1			
20-30%	0.4			
>30%	0.8			
Protected Area				
Populated Place	15			
Wetland	15			
National Park	30			
State Park	15			
Crossing				
Waterway Crossing	10			
Railroad Crossing	3			
Highway Crossing	3			

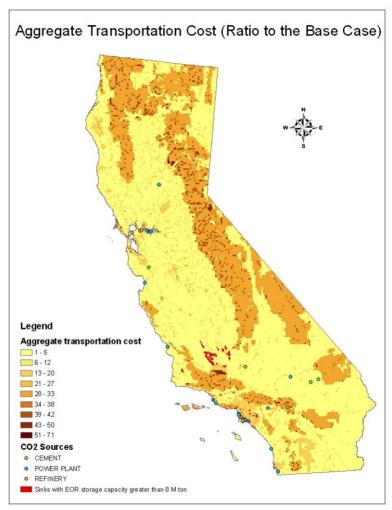






Aggregate Crossing Cost Factor Calculation Example

- Aggregate Crossing Cost factor =
 - 1 (base case)
 - +slope factor
 - +Populated area*15
 - +Wetland*15
 - +National Park*30
 - +State Park*15
 - +Waterway*10
 - +Railroad*3
 - +Highway*3









Transportation Cost Calculation

- Base Case Construction Cost
 - The base case pipeline construction cost is estimated to be \$12,000/in/km
- Crossing Cost
 - The obstacle crossing cost is calculated as the product of the relative weight and the base case construction cost for an 8 inch pipeline, but is assumed to be the same for pipelines of any diameter
- Operation and Management Cost
 - The O&M cost is estimated to be \$3,100/km per year, independent of pipeline diameter





Source-Sink Matching

- Distance-Based Source-Sink Matching
- California Study
 - Full-Cost
 - Optimized Transportation
 - Storage Cost
 - For EOR Uses, EOR Credit
 - For Saline Reservoir Uses, Costs Developed by DOE/EPRI/TVA





Distance Based Source-Sink Matching

- For all sinks and sources in region
- Straight line matching
- Sink capacity constraint is not considered
- Gives a sense of minimum transport costs where the geological information is not sufficient to do a full cost evaluation



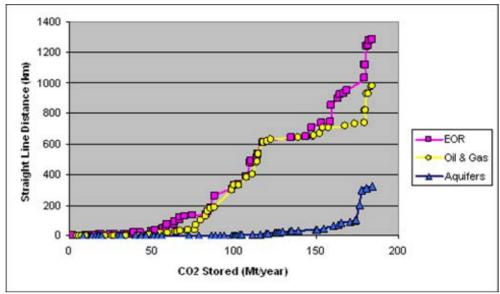


Distance Based Source-Sink Matching

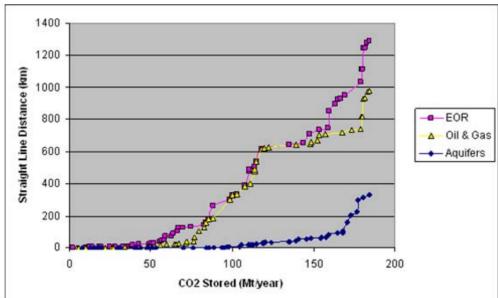
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westcarb.org

With Nevada reservoirs



Without Nevada reservoirs







California Study

- For sinks and sources in California only
- Least-cost path matching
- Sink capacity constraint is considered
- Transportation obstacle layers are applied
- A cost allocation iteration is used for source-sink matching







Fields Classification

- Oil fields are classified into five categories
 - Fields with miscible CO₂-EOR potential (depth >3000 feet, API>25)
 - Fields with immiscible CO₂-EOR potential (depth >3000 feet, 17.5<API<25)
 - Fields with CO₂ storage potential but no EOR potential (depth >3000 feet, API<17.5)
 - Fields without CO₂ storage (depth <3000 feet)
 - Fields undetermined (depth or API missing)
- Gas fields are classified into three categories
 - Fields with CO₂ storage potential (depth >3000 feet)
 - Fields without CO₂ storage potential (depth <3000 feet)
 - Fields undetermined (depth missing)





CO₂ Sinks with EOR Potential

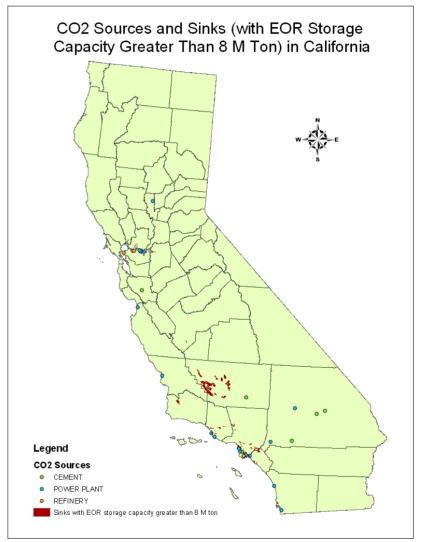
- Miscible Application of CO₂-EOR
 - Number of Fields: 124
 - Total Storage Capacity: 3284 Mtons (preliminary estimate)
- Immiscible Application of CO₂-EOR
 - Number of Fields: 20
 - Total Storage Capacity: 176 Mtons (preliminary estimate)





Sources and Sinks in Matching

- 32 Sources
- 55 Sinks with EOR storage capacity greater than 8 million tons









Work Flow

- Standard Iteration
 - Doing cost allocation with the sink layer
 - Get the least cost paths for each source to the corresponding sink
 - Calculate the aggregate in-flow CO₂ for each sink, comparing with its storage capacity
 - If none of the sinks is overflowed DONE! Exit the iteration.





Work Flow (cont'd)

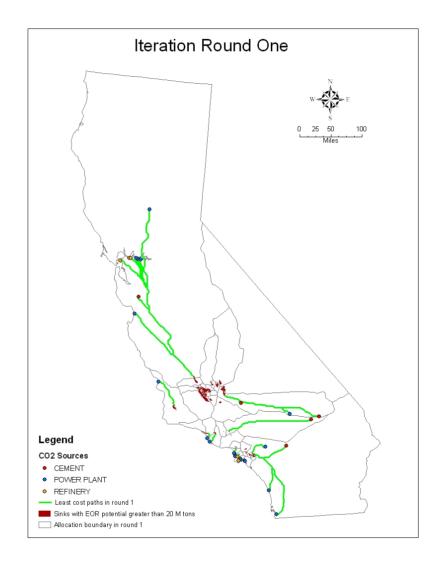
- If a sink is overflowed, exclude sources based on their distances to the sink, until remaining CO₂ inflow is less than the storage capacity. Further sources will be excluded earlier.
- Set the new source layer as all excluded sources in the above step
- Set the new sink layer as all the sinks with remaining storage capacity
- Start next iteration with the new source layer and new sink layer





Application

First of 8 Iterations

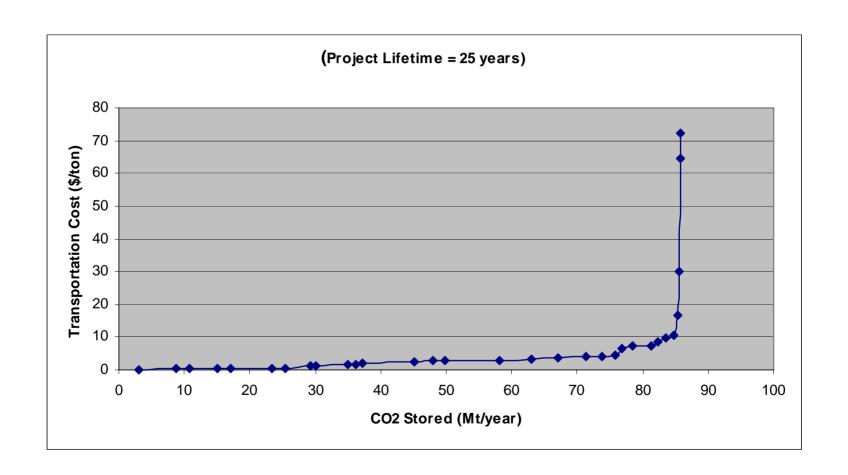








Marginal Transportation Cost by Annual CO₂ Storage Rate in California EOR Oil Fields



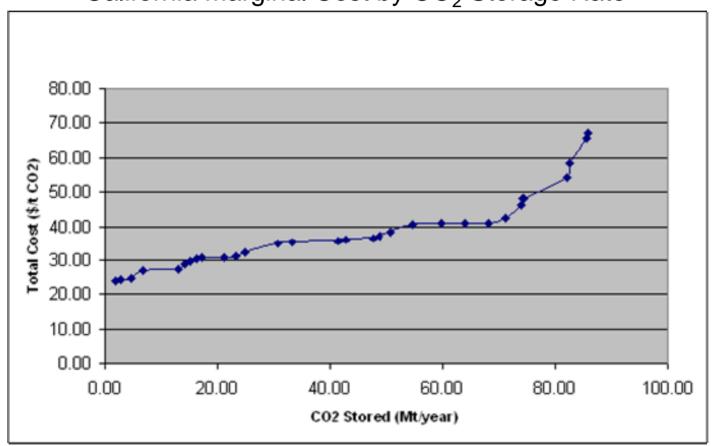






Supply Curves for Capture and Geologic Storage Assume Present-Day Conditions

California Marginal Cost by CO₂ Storage Rate









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Phase I Findings: Terrestrial Sequestration

- Baselines prepared for Arizona, California, Oregon, and Washington
- Terrestrial sequestration opportunities quantified for California, Oregon, and Washington
 - Area, tons, cost
 - Largest terrestrial sequestration opportunity in each state is afforestation
- Pilot projects identified for Lake County in Oregon and Shasta County in California





Baselines

- Forest area increasing in Oregon and Arizona and decreasing in Washington and California
- Carbon stocks increasing in all but Washington
- Emissions from conversion of land for development highest in Washington
- Significant emissions from fire in California and Oregon
- Emissions from ag lands are low and dominated by emissions of non-CO₂ gases





Forests

	California	Oregon	Washington	Arizona
Change in area - acres/year	- 83,500 - 0.21%/yr	+ 94,700 + <i>0.33%/yr</i>	- 62,800 - 0.28%/yr	+ 54,200 + <i>0.28%/yr</i>
Change in carbon stocks - MMTCO ₂ e/yr	+ 18.2	+ 23.0	- 12.6	+ 0.92

From USFS published data, forestland only. Change in carbon represents change in carbon stored in live trees.





Development (forests only, rangelands excluded)

Analyzed from National Resources Inventory (NRI) and Forest Inventory Analysis (FIA) datasets. Remote sensing analysis from ODF and LCMMP Program.

		California	Oregon	Washington	Arizona
NRI	Change in area - acres/year	- 16,760	- 6,890	- 24,570	- 350
	Change in carbon stocks	- 3.77	- 1.39	- 6.54	- 0.015
	- MMTCO ₂ e/yr				
Remote Sensing	Change in area - acres/year	- 12,247* just for Northern California	- 5,500** ODF/ USFS		
	Change in carbon stocks - MMTCO ₂ e/yr	- 0.80* just for Northern California	\times		

^{*}Analysis from LCMMP dataset in California, 3 regions represent 84% of total forests in State, 42% of rangelands

^{**}Analysis from 'Forests, Farms, and People,' conducted by ODF, USFS







Fire (includes both forests and rangelands)

	California	Oregon	Washington	Arizona
Change in area - acres/year	- 39,262* just for Northern California	- 13,510	- 2,920	- 15,400
Change in carbon stocks - MMTCO ₂ e/yr	- 1.46* just for Northern California	- 1.03	- 0.18	- 0.47

^{*}Analysis from LCMMP dataset in California, 3 regions represent 84% of total forests in State, 42% of rangelands

Overall fire emissions are small compared with emissions from electricity generation or transportation or potential sequestration from afforestation, but reducing fire emissions by reducing hazardous fuels can have additional benefits:

- reduce cost of fire fighting
- reduce property damage
- reduce cost of insurance
- avoid fossil fuel emissions
- provide benefits to biodiversity and clean air

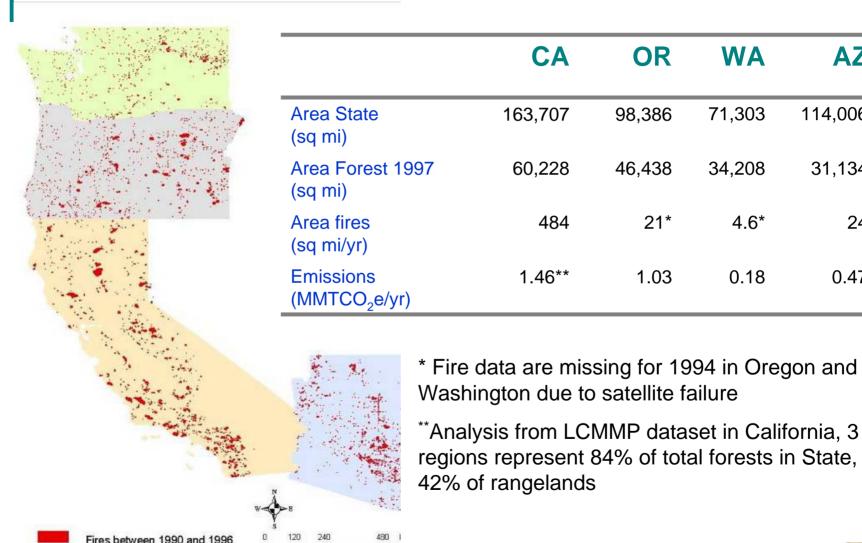






Fire (1990-1996)

westcarp.org







AZ

114,006

31,134

24

0.47

Terrestrial Sequestration Opportunities

- Largest terrestrial sequestration opportunity in each state is afforestation
- Changing forest management has limited potential
- Fire appears to be the most important management issue to address
- Forest conservation limited but some important opportunities
- Negligible opportunity for terrestrial sequestration from changing ag management







Results after 40 Years

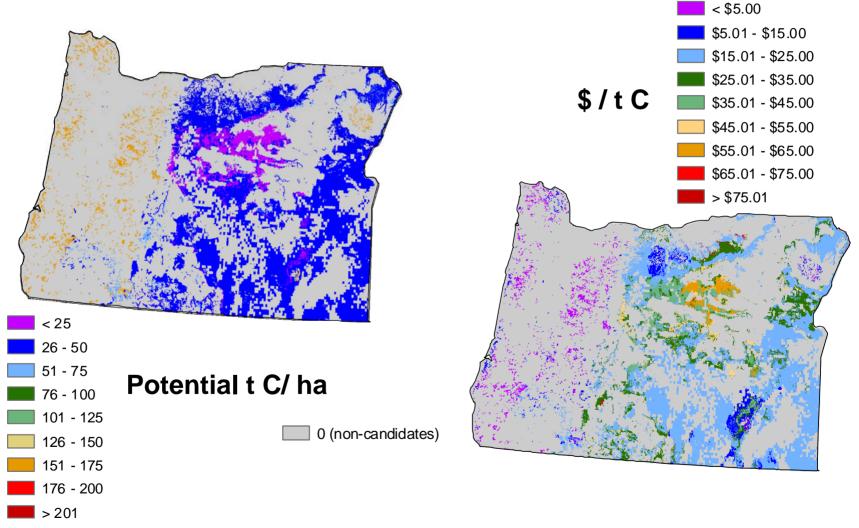
	California		Oregon		Washington	
	Area	Quantity	Area	Quantity	Area	Quantity
Grazing Lands—Afforestation	million acres	MMT CO ₂	million acres	MMT CO ₂	million acres	MMT CO ₂
< \$2.40/metric ton CO ₂	3.61	1138	1.43	341	4.34	897
< \$10/metric ton CO ₂	17.1	3228	16.86	1395	9.04	1217
< \$20/metric ton CO ₂	20.1	3347	19.12	1476	9.08	1220
Crop Lands—Afforestation						
< \$2.40/metric ton CO ₂			0	0	0.03	8
< \$10/metric ton CO ₂			2.25	484	1.76	159
< \$20/metric ton CO ₂			5.18	693	5.59	425
Forests—Rotation Extension 5 yr extension, 20 yr contract						
< \$2.40/metric ton CO ₂		0		0		6.08
< \$10/metric ton CO ₂		0		0.37		7.17
< \$20/metric ton CO ₂		7.25		1.80		13.55







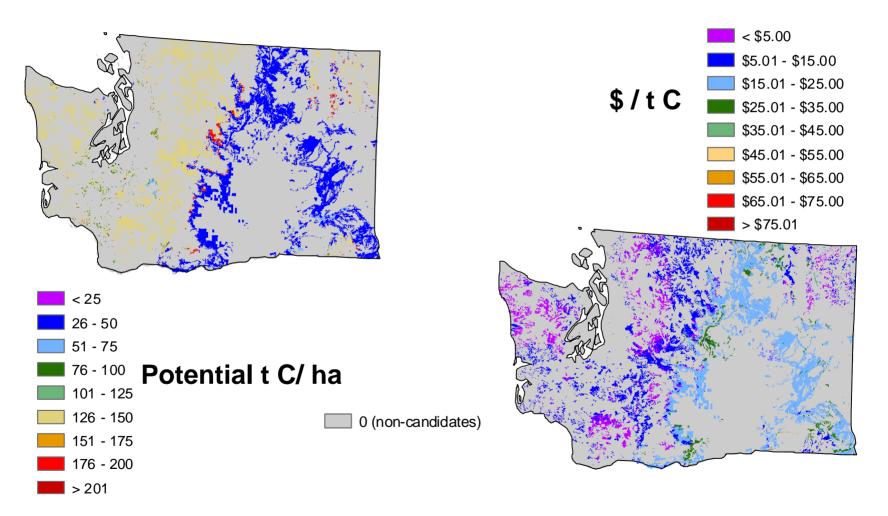
Oregon: Potential Sequestration and Cost after 40 Years from Afforestation







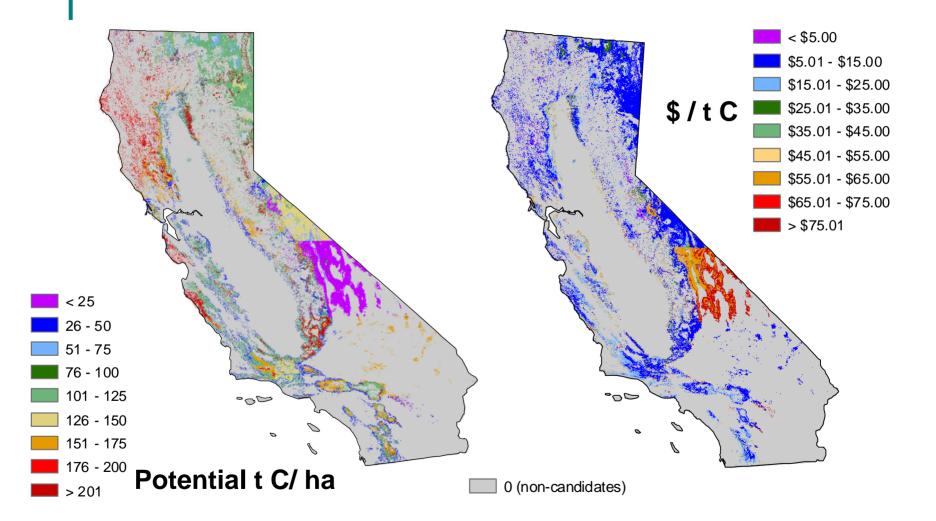
Potential Sequestration and Cost after 40 Years from Afforestation for Washington







Potential Sequestration and Cost after 40 Years from Afforestation for California







Forest Management Options to Increase Sequestration

- Allow timber to age before harvest (i.e., lengthen rotation time)
- Increase the riparian buffer zone by an additional 200 feet
- Reduce forest fuel load to reduce risk of uncharacteristically severe fires, with subsequent use of biomass in power plants





Extending Rotations

	Extending Rotations					
	Washington			Oregon		
	5 yr.	10 yr.	15 yr.	5 yr.	10 yr.	15 yr.
Private Land Potential Hectares	443,665			283,670		
Million Tons CO ₂	18.7	33.0	44.0	13.2	23.1	30.8
Million \$	\$460	\$894	\$1,270	\$394	\$787	\$1,150
Average \$ per ton CO2	\$30	\$34	\$37	\$30	34	37
Average \$ per acre	\$419	\$815	\$1159	\$562	\$1123	\$1641
Average Tons per acre	4.7	8.2	10.9	5.1	9.0	12.0
Public Land Potential Hectares ¹	147,625			36,368		
Million Tons CO ₂	7.3	13.2	17.6	2.2	3.7	4.8
Million \$	\$203	\$394	\$564	\$63	\$129	\$193
Average \$ per ton CO ₂	\$30	\$34	\$37	\$30	\$34	\$37
Average \$ per acre	\$558	\$1082	\$1547	\$702	\$1435	\$2147
Average Tons per acre	5.6	9.8	13.1	6.2	11.1	14.9

¹ Note that public land omits federal USDA Forest Service lands.







Riparian Zone Protection

	California	Oregon	Washington
Riparian stream length (thousand kilometers)	103.9	26.2	23.2
Total potential area (acres)	1,565,600	395,200	349,500
Mature potential area (acres)	116,100	20,700	34,800
Total carbon (million tons CO ₂)	10.8	1.25	2.24
Average cost per ton (\$/t CO ₂)	\$23	\$40	\$33





Potential Sequestration Benefits from Improved Fire Management



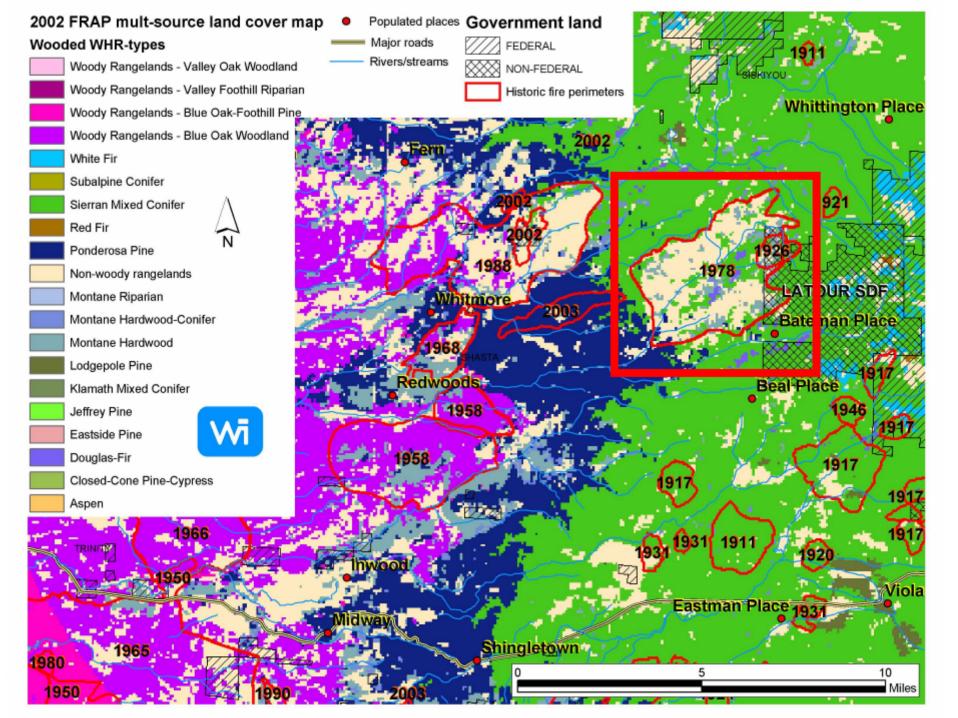
Source: Dr. Sam Sandberg, USDA Forest Service Pacific Wildland Fire Sciences Laboratory

- Reduce net GHG emissions from combustion
- Reduce loss of carbon stocks from large trees
- Reduce loss of carbon stocks from duff
- Maintain carbon accumulation rates during recovery
- Avoid ecosystem-changing fires









Ecosystem Conversion



Fire can change forest ecosystems to non-forest ecosystems

Site of 1978 Whitmore fire in Latour State Forest, Shasta County







Emissions Reductions by Changing Fire Management

	California	Oregon	Washington
Treatable Area (million acres)	1.51	6.47	5.76
Biomass (millions tons carbon)	54	413	376
Emissions assuming 10% loss (million tons CO ₂ e)	19.8	151.6	138.0
Emissions assuming 70% loss (million tons CO ₂ e)	138.7	1,061	969

Potential reductions in emissions from fire estimated by looking at forest lands at moderate to severe risk of fire on lands with <40% slope within 400 meters of existing roads and within 50 miles of biomass energy facility



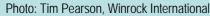




Forest Conservation



- Stop forest conversion to non-forest
- Sierra Mixed Conifer (150 year old forest)
 - 575 tCO₂/acre
- Redwood (150 year old forest)
 - 730 tCO₂/acre









FLAT OF DOWN REDWOODS. Note man in lower right hand corner. (Photo Union Lumber Company Collection)

Planning for Pilot Projects

- Criteria for selecting pilot sites
- Project categories
 - Afforestation
 - Hazardous fuel reduction to reduce emissions from fire
 - Forest management and conservation







Why Shasta County?

- Diverse land cover representative of many areas across the state
- Opportunities for implementation of important classes of project opportunities
 - Afforestation
 - Rangelands
 - Riparian zones
 - Changes in forest management
 - Conservation
 - Reducing hazardous fuels
 - Lengthening rotations





Why Lake County?

- Selected for Oregon Solutions Project
- Opportunities for implementation of important classes of project opportunities
 - Changes in forest management
 - Reducing hazardous fuels
 - Afforestation
 - Hybrid poplar





Conclusions

- Largest terrestrial sequestration opportunity in each state is afforestation
- Fire appears to be the most important management issue to address
- Pilot projects developed for Shasta and Lake Counties
- Further characterization needed
 - Fire
 - Fast-growing species
 - Riparian zone restoration
 - Baselines for conservation
 - Identify additional pilots for Washington and Arizona





